

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4063-04
Bill No.: Perfected HS for HCS for HB 1650
Subject: Bonds General Obligation and Revenue; Water Resources and Water Districts
Type: Original
Date: April 25, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
General Revenue	\$0	\$0	(\$1,289,158)
Water Pollution Control	\$0	\$0	(\$150,000)
Total Estimated Net Effect on <u>All</u> State Funds	\$0	\$0	(\$1,439,158)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
None			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Local Government	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

FISCAL ANALYSIS

ASSUMPTION

Pertaining to §247.040:

Officials from the **Department of Natural Resources** and the **Office of the State Courts Administrator** assume the proposed legislation would have no fiscal impact on their agencies.

Oversight assumes this proposal amends the law that controls water district formation and would have no state fiscal impact. The proposal changes the number of publications required when a petition has been filed and a hearing has been set. Oversight assumes there would be some savings to the district from publication cost, provided the district is formed. Whenever 2/3 of the registered voters, or not less than 50 voters, of the proposed district sign a petition of formation, the Court may incorporate the district and no election is held. Oversight assumes there would be some election costs savings from this procedural change. All savings to the district is unknown.

Pertaining to §278.258:

Officials from the **Department of Conservation, Department of Natural Resources, and Cole County** assume the proposed legislation would have no fiscal impact on their agencies.

Oversight assumes counties that want to detach from a subdistrict would need the approval of a majority of the residing voters. Oversight assumes this would be a discretionary act. Oversight assumes local governments that would detach themselves would have to pay any outstanding indebtedness for services or works of improvement rendered by the subdistrict in that county. Because this proposal does not mandate counties to detach from watershed subdistricts Oversight assumes no fiscal impact.

Pertaining to §393.705:

Officials of the **Department of Natural Resources** assume this proposal would no longer allow nonprofit water and sewer companies to enter into a joint municipal utility commission, therefore the proposal would have no fiscal impact on the Department.

Officials of the **Department of Economic Development- Public Service Commission** assume no fiscal impact to their Commission.

Oversight assumes this proposal would have no state or local fiscal impact.

ASSUMPTION (continued)

Pertaining to §610.021:

Officials from the **Department of Conservation** and the **Department of Natural Resources** assume the proposed legislation would have no fiscal impact on their agencies.

In response to similar legislation, officials of the **City of Kansas City**, **Office of the Governor**, **Office of the Lieutenant Governor**, and the **Office of Administration** indicated this proposal would have no direct fiscal effect on their agencies.

Pertaining to §640.620:

Officials of the **Department of Natural Resources** assume no fiscal impact to their department.

Oversight assumes this proposal revises the limitations on what grants would be allowed for water systems and districts. Oversight assumes this proposal would allow more than one grant, in any given year, therefore, fiscal impact will be shown as \$0 or a positive Unknown to local government. Current law allows one grant per year.

Pertaining to §644.016 and §644.051:

Officials from the **Department of Conservation** assume the proposed legislation would have no fiscal impact on their agency.

Officials from the **Department of Natural Resources** assume the proposal would not add additional responsibility for the Department and therefore assume no fiscal impact.

Pertaining to §644.578; §644.579; and §644.580:

Officials from the **Department of Economic Development – Public Service Commission** and the **Department of Natural Resources** assume the proposed legislation would have no fiscal impact on their agencies.

Officials from the **Office of Administration – Division of Accounting (COA)** assume the proposal would result in the sale, in FY 2005, of \$15 million in bonds for rural water and sewer projects pursuant to section 37(g) of the Missouri Constitution. COA assumes sections 37(e) and 37(h) will not use new authorization in FY 2003 through FY 2005. COA notes the issue date will depend on the use of available bond proceeds for bonds authorized but not yet issued. In addition, COA assumes 25 year maturity, 7% interest rate, and level debt service. COA assumed one-time costs per

ASSUMPTION (continued)

issue at approximately \$150,000, plus \$41,385 for personal services of existing staff. COA also indicated the proposal would require .25 Executive Assistant to initiate general revenue transfers to the appropriate debt service funds, reconcile all paying agent transactions for principal and interest, and monitor all fees due the paying agent. Total costs for this position including fringe benefits, equipment, agent fees, and expense would be \$13,269 in FY 2005. COA assumed paying agent fees would be approximately \$2,000 annually.

Oversight assumes:

- (1) Annual debt service will be higher in subsequent years if the remaining authorized amount is issued; and
- (2) One-time and ongoing personal service costs could be absorbed with existing resources, with no increased costs to COA for these services.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 mos.)	FY 2004	FY 2005
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GENERAL REVENUE FUND

<u>Costs</u> —COA (§644.578 - §644.580)			
Paying Agent Fees	\$0	\$0	(\$2,000)
Transfer to Principal & Interest Sinking Fund	<u>\$0</u>	<u>\$0</u>	<u>(\$1,287,158)</u>

ESTIMATED NET EFFECT TO GENERAL REVENUE FUND	<u>\$0</u>	<u>\$0</u>	<u>(\$1,289,158)</u>
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WATER POLLUTION CONTROL FUND

<u>Costs</u> —COA (§644.578 - §644.580)			
Bond Issuance Cost	<u>\$0</u>	<u>\$0</u>	<u>(\$150,000)</u>

ESTIMATED NET EFFECT ON WATER POLLUTION CONTROL FUND	<u>\$0</u>	<u>\$0</u>	<u>(\$150,000)</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2003	FY 2004	FY 2005
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**WATER DISTRICTS AND
SYSTEMS**

<u>FISCAL IMPACT - Local Government</u>	FY 2003	FY 2004	FY 2005
<u>Income – Water Systems (\$640.620)</u>			
Potential Additional Water Grant(s)	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
ESTIMATED NET EFFECT ON WATER DISTRICTS AND SYSTEMS	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>

LOCAL FUNDS

<u>Savings – Water Districts (\$247.040)</u>			
Incorporation Changes *	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
ESTIMATED NET EFFECT ON LOCAL FUNDS	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>

*** Any savings to water districts would depend on whether they are incorporated or not. If they are not incorporated the costs of incorporation is assessed to the petitioners.**

FISCAL IMPACT - Small Business

Pertaining to all sections:

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

Pertaining to §247.040:

This proposal allows the petition for the formation of a public water supply district to become final and conclusive if the circuit court determines that the petition has been signed by at least two-thirds of the registered voters within the boundaries of the proposed district.

The proposal also requires the petition publication notice to be published once a week for three weeks in a daily newspaper. As an alternative to newspaper publication, the notice of the filing of DESCRIPTION (continued)

the petition may be given by certified mail to all property owners within the proposed boundaries of the district. The cost of the certified notification shall be borne by the petitioners. Under current law, the notice must be published for three weeks in a weekly paper or in 20 successive issues of a

daily newspaper.

Pertaining to §278.258:

This proposal allows any county, which has not adopted an annual watershed district tax, that is within a watershed subdistrict to detach from the subdistrict. Detachment from the subdistrict must be approved by a majority of the landowners in the county. The detachment must take place before an annual tax is adopted. The watershed district trustees must make arrangements for the county to pay any outstanding indebtedness for services or works of improvement before the detachment. Watershed district trustees must certify the separation with the recorder of deeds in each county in which the subdistrict lies and with the State Soil and Water Commission.

Pertaining to §393.705:

Under current law, any sewer district may enter a joint contract to form a joint municipal utilities commission. This proposal restricts this power to public sewer districts.

Pertaining to §610.021:

This proposal would allow government bodies to hold closed meetings when discussing protection of public water supplies from terrorists.

Pertaining to §640.620:

Currently, no public water supply district, sewer district, or any rural community water and sewer system is allowed to receive more than one grant in a two-year period. This proposal allows a grant for a water supply or sewer district construction project, and a grant for a source water protection project to be awarded in any two-year period.

This proposal contains an emergency clause.

DESCRIPTION (continued)

Pertaining to §644.016 and §644.051:

This proposal revises provisions relating to water permitting for aquaculture. Aquaculture is defined as the controlled propagation, growth, and harvest of aquatic organisms.

Pertaining to §644.578; §644.579; and §644.580:

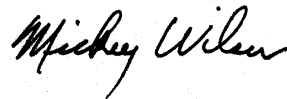
In addition to amounts authorized prior to August 28, 2002, this proposal authorizes the Board of Fund Commissioners to issue bonds for grants and loans pursuant to several sections of Article III of the Missouri Constitution. The authorizations are for:

- (1) \$10 million of bonds for water pollution control, drinking water system improvements, and storm water control pursuant to Section 37(e);
- (2) \$10 million of bonds for rural water and sewer projects pursuant to Section 37(g); and
- (3) \$20 million of bonds for storm water control plans, studies, and projects in first classification counties and the City of St. Louis pursuant to Section 37(h).

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Administration
Department of Natural Resources
Department of Economic Development – Public Service Commission
Department of Conservation
Office of the State Courts Administrator
Cole County
Kansas City
Office of the Governor
Office of the Lieutenant Governor



Mickey Wilson, CPA
Acting Director

April 25, 2002